



Legislative Fiscal Bureau

One East Main, Suite 301 • Madison, WI 53703 • (608) 266-3847 • Fax: (608) 267-6873
Email: fiscal.bureau@legis.wisconsin.gov • Website: <http://legis.wisconsin.gov/lfb>

February 15, 2013

TO: Members
Wisconsin Legislature

FROM: Bob Lang, Director

SUBJECT: Analysis of Select MA Eligibility Options under the Affordable Care Act

In response to numerous legislative inquiries, this memorandum provides preliminary estimates of enrollment and expenditure changes that might result from changes the state could make to eligibility standards under its medical assistance (MA) program beginning January 1, 2014. Although there are numerous options available to the state, this memorandum addresses five scenarios which are intended to display a broad range of potential enrollment and fiscal impacts. Given the uncertainties and limitations identified below, the estimates are preliminary and subject to revision as additional information becomes available. Specifically, this memorandum provides preliminary estimates for the following eligibility scenarios:

Scenario 1: Reduce income eligibility for parents and caretaker relatives in BadgerCare Plus from 200% to 100% of the federal poverty level (FPL), terminate the existing Core Plan, and do not expand MA coverage for childless adults.

Scenario 2: Reduce income eligibility for parents and caretaker relatives in BadgerCare Plus from 200% to 100% of the FPL, terminate the existing Core Plan, and "partially" expand MA coverage to childless adults with incomes up to 100% of the FPL.

Scenario 3: Reduce income eligibility for parents and caretaker relatives in BadgerCare Plus from 200% to 133% of the FPL, terminate the existing Core Plan, and do not expand MA coverage for childless adults.

Scenario 4: Reduce income eligibility for parents and caretaker relatives in BadgerCare Plus from 200% to 133% of the FPL, terminate the existing Core Plan, and expand MA coverage to childless adults with incomes up to 133% of the FPL.

Scenario 5: Do not change income eligibility for parents and caretaker relatives in BadgerCare Plus, terminate the existing Core Plan, and expand MA coverage to childless adults with incomes up to 133% of the FPL.

BadgerCare Plus. The BadgerCare Plus program serves low-income children, their families, and pregnant women. Children under age 19 are income-eligible for BadgerCare Plus regardless of their family's income. Those in families with incomes greater than 200% of the FPL may be required to pay monthly premiums. Parents and caretaker relatives of children under age 19 are income-eligible for BadgerCare Plus if their family income does not exceed 200% of the FPL. These adults may be required to pay monthly premiums if their family income exceeds 133% of the FPL. Pregnant women are eligible for BadgerCare Plus if their family income does not exceed 300% of the FPL, and they are generally exempt from paying premiums.

BadgerCare Plus Core Plan. In late 2008, Wisconsin received a waiver of federal MA law to provide healthcare services under the BadgerCare Plus Core Plan. The Core Plan serves non-elderly adults with family incomes not greater than 200% of the FPL who are not otherwise eligible for MA or Medicare and who do not have dependent children. These individuals, often referred to as "childless adults," were not previously eligible for MA. Coverage under the Core Plan is more limited and requires greater recipient cost-sharing than traditional MA. Effective July 1, 2012, Core Plan enrollees with family incomes greater than 133% of the FPL must pay premiums. The Core Plan has been closed to new enrollment since late 2009, and currently serves approximately 20,000 childless adults. The current Core Plan waiver expires December 31, 2013.

When DHS restricted new enrollment in the Core Plan, it established a waitlist for the program. The BadgerCare Plus Basic Plan was created in 2010 to provide limited coverage to childless adults on that waitlist who meet all of the Core Plan's eligibility requirements. The Basic Plan is not an MA program and its costs are intended to be financed wholly by participant premiums. Current enrollment is approximately 1,700 individuals and the program is closed to new enrollees. Under current law, the Basic Plan terminates on January 1, 2014.

Patient Protection and Affordable Care Act. The Patient Protection and Affordable Care Act (ACA) went into effect March 23, 2010. As enacted, the ACA required states to provide MA coverage to virtually all non-elderly adults with family incomes not greater than 133% of the FPL beginning January 1, 2014. The ACA's new eligibility requirement extended not just to parents and other caretaker relatives of minor children but also to non-pregnant, non-elderly adults without dependent children.

Following the U.S. Supreme Court's decision in *National Federation of Independent Business v. Sebelius*, the ACA's MA expansion became optional for states. States that implement the expansion are eligible for the enhanced federal matching rates the ACA provides for that purpose. Specifically, if the individuals covered by a state's MA expansion are "newly eligible" as defined in the ACA, the state is eligible for an enhanced federal medical assistance percentage (FMAP) that starts at 100% in calendar years 2014, 2015, and 2016, and declines thereafter as follows: 2017 (95%), 2018 (94%), 2019 (93%); 2020 and beyond (90%). If, on the other hand, a state is deemed an "expansion state" under the ACA, it may still qualify for an enhanced FMAP, albeit one slightly lower than the "newly eligible" FMAP. In Wisconsin's case, the "expansion state" FMAP would start at approximately 80% in 2014 and reach 90% in 2020 and beyond. By comparison, Wisconsin's standard FMAP in federal fiscal year 2014 will be 59%, meaning that

federal matching funds will pay fifty-nine cents of every dollar the state's MA program spends for covered services. States that choose not to expand their MA programs will not qualify for the ACA's enhanced federal matching rates, but neither will they risk losing their federal matching funds for their existing MA programs.

The ACA has a maintenance-of-effort (MOE) requirement that prohibits states, at the risk of losing their federal MA matching funds, from adopting MA eligibility standards that are more restrictive than those that were in place on March 23, 2010. For adults, this MOE requirement remains in effect until the Secretary of the federal Department of Health and Human Services certifies that a health insurance exchange established by the state is fully operational. The ACA's MOE requirement for children remains in effect through September 30, 2019.

Assumptions/Limitations. In developing these preliminary estimates, we incorporated several assumptions into all of the alternative scenarios. First, we assumed the ACA's MOE requirement for adults will terminate on January 1, 2014, effective with the anticipated operation of the federally-facilitated health insurance exchange. Second, we assumed that none of the scenarios would alter the current eligibility requirements for children or pregnant women. Third, we assumed the Core Plan will terminate when the current waiver for that program expires on December 31, 2013. Therefore, depending upon the particular eligibility scenario, childless adults will either not be eligible for MA coverage after that date or they will be eligible for MA coverage as specified in that scenario.

The preliminary estimates presented below consider only the potential change in MA benefit expenditures (compared to current law baseline trends) associated with each of the alternative scenarios. As such, the estimates do not consider a number of other factors that may also impact costs, either because they are not directly related to the specific eligibility changes at issue or because additional information is required. Those other factors include the following:

1. *The "Woodwork Effect":* Some children and their parents are currently eligible for BadgerCare Plus but are not enrolled in the program. Most analyses assume some of these individuals will enroll in MA starting in 2014 due to such ACA-related factors as increased outreach, the individual insurance mandate, or these individuals' interactions with the health insurance exchange. Benefit costs associated with this potential "woodwork effect" (costs that would not qualify for the ACA's enhanced FMAs) are likely to occur regardless of the eligibility changes contemplated under the alternatives and therefore are not included in the estimates.

2. *Administrative Costs:* The increased or decreased MA enrollment that would occur under the alternative scenarios could impact administrative costs to the state and to the multi-county income maintenance consortia responsible for making MA eligibility determinations and providing ongoing case management functions. Due to uncertainties regarding the extent of those impacts, they are not included in the preliminary estimates.

3. *Provider Rate Increases:* Some reports suggest that states will need to increase MA provider reimbursement rates to ensure adequate access to covered services for the larger MA

populations that might result under several of the scenarios. The preliminary estimates do not include any explicit add-ons for these potential provider rate increases. Likewise, they do not assume explicit decreases in provider rates for scenarios where MA enrollment is projected to decline. Instead, the projections assume new enrollees' average benefit costs will increase 3% per year, which is consistent with assumptions used by the Department of Health Services (DHS) in its 2013-15 biennial budget request.

4. *Limited-Benefit Programs:* The state currently uses general purpose revenues (GPR) to support several limited-benefit programs such as the family planning only services program. To the extent individuals served by those programs become eligible for MA under an expansion, federal matching funds could replace those GPR costs.

5. *Uncompensated Care:* States may realize savings under an MA expansion by reducing expenditures for uncompensated care. Some of those savings could be realized by reducing or eliminating the state's share of MA disproportionate share hospital (DSH) payments. Virtually all of Wisconsin's DSH expenditures are currently used to support the Core Plan. Because each alternative scenario assumes the Core Plan is eliminated effective January 1, 2014, the projections take those projected GPR savings into account.

Studies also suggest that an ACA-style MA expansion may reduce hospitals' uncompensated care, thereby reducing costs currently borne by hospitals and potentially reducing the shift of some of those costs to other payers in the system. The reverse may also be true, with reductions in MA participation leading to increased levels of uncompensated care, particularly if those individuals do not obtain other forms of coverage. The degree to which this would occur and how, if at all, it would impact state expenditures is uncertain.

6. *Prisoner Inpatient Hospital Costs:* While federal law does not generally allow states to claim federal MA matching funds for prisoners' medical costs, there is an exception for inpatient hospital services provided outside the correctional facility. To the extent additional prisoners become eligible for MA under an expansion, the state might be able to claim additional federal matching funds for their inpatient costs, thereby replacing GPR costs incurred by the Department of Corrections. Additional information is needed to independently estimate those savings.

7. *MA-Covered Service Costs Incurred by Local Units of Government:* Local units of government currently expend their own funds to provide healthcare services to individuals who are not eligible for MA but who might become eligible under an expansion. Such costs could be reduced to the extent some of those individuals become eligible for MA under those expansions.

8. *Enhanced Federal Matching Rate for CHIP:* The ACA extended the current reauthorization for the CHIP program through federal fiscal year 2015 and increased the already-enhanced FMAP for CHIP-eligible children by 23 percentage points for the four-year period starting October 1, 2015. In Wisconsin, this would increase the CHIP FMAP to approximately 95% during those four years. Those additional federal funds, which would offset GPR costs for those enrollees, are not reflected in the projections because their receipt is not tied to any of the specified eligibility changes.

Preliminary Estimates. Preliminary estimates for the alternative scenarios described below are summarized in the Attachment. In each case, the estimates relate solely to the specified eligibility changes and are expressed as the estimated change compared to a projected "baseline" level of benefit expenditures that would have occurred absent those changes. The projections extend through fiscal year 2020 because that is when the ACA's enhanced FMAP for "newly eligible" individuals reaches its permanent level of 90%. The preliminary estimates are subject to the assumptions and limitations outlined above.

Scenario 1: Under this scenario, income-eligibility for BadgerCare Plus parents and caretaker relatives would be reduced from 200% of the FPL to 100% of the FPL starting January 1, 2014. There would be no expansion of MA coverage to childless adults, and the Core Plan would be eliminated effective January 1, 2014.

According to DHS enrollment figures, there were approximately 89,000 parents and caretaker relatives with incomes greater than 100% of the FPL enrolled in BadgerCare Plus as of December 2012. That total includes approximately 21,500 parents/caretakers who receive coverage through Transitional MA (TMA). The TMA rules apply to BadgerCare Plus recipients whose family incomes were originally less than 100% of the FPL, but have increased above 100% of the FPL as a result of earned income or increased child support. If the additional income is earned income the TMA period is twelve months. If the additional income is from increased child support, the TMA period is four months. During their TMA period, these participants remain eligible for the same MA coverage they had before their income increased above 100% of the FPL, even if their income increases to a level that would otherwise disqualify them from coverage.

TMA is a federally-mandated MA eligibility category, although states have flexibility with respect to the length of some of the TMA periods. Assuming the federal TMA requirements remain in place, it is not certain whether the state could secure the federal approvals needed to eliminate the current TMA eligibility category in Wisconsin MA. Strictly for presentation purposes, the preliminary estimates for Scenario 1 assume the TMA eligibility category for adults with incomes greater than 100% of the FPL is eliminated in its entirety effective January 1, 2014.

The estimated cost savings for Scenario 1, as well as the other scenarios presented in the Attachment, take into account necessary adjustments for drug manufacturer rebates and participant premiums.

Scenario 2: This scenario would also reduce income-eligibility for BadgerCare Plus parents and caretakers from 200% of the FPL to 100% of the FPL starting January 1, 2014, and eliminate the current Core Plan effective that same date. The assumptions regarding the TMA eligibility category expressed in connection to Scenario 1 also apply to this scenario.

Unlike Scenario 1, Scenario 2 includes a "partial" expansion of MA coverage to non-pregnant, non-elderly childless adults who are not otherwise eligible for MA and whose family incomes are not greater than 100% of the FPL. The federal Centers for Medicare and Medicaid Services (CMS) has indicated that "partial" MA expansions ("partial" in that they do not expand

coverage up to the 133% FPL threshold reflected in the ACA's MA expansion) will not qualify for the ACA's enhanced FMAPs. The preliminary estimates for Scenario 2 therefore assume the state would receive its typical FMAP of approximately 59% for the childless adults who enroll in MA under the partial expansion. The estimates also assume the state would obtain the necessary federal approval (either through a waiver of federal MA law and/or an amendment to the state's MA plan) to allow this partial expansion.

The preliminary estimates for Scenario 2 assume that 100,000 childless adults would enroll in MA under the partial expansion, with 50,000 enrolling on January 1, 2014 and the balance by January 1, 2015. It is assumed that enrollment increases 1% annually thereafter. The 100,000 figure was developed by reviewing Census Bureau data on Wisconsin insurance coverage, and projected "take-up" rates developed by the Urban Institute. Those sources do not provide the basis for definitive enrollment projections. Given the uncertainty inherent in projections of this nature, other reasonable enrollment projections could be developed. Note that it is assumed that the 100,000 childless adults projected to enroll under this partial expansion would include approximately 14,000 current Core Plan enrollees with incomes less than 100% of the FPL.

Uncertainty also exists with respect to the per person benefit costs these new MA enrollees would incur. For projection purposes, the preliminary estimates assume that in 2014, the new enrollees would incur costs approximately equal to the average of the following: (a) the projected per person costs for parents in the BadgerCare Plus Standard Plan; and (b) the projected per person costs for childless adults in the Core Plan, not including participants in the general assistance medical program that existed in Milwaukee County prior to creation of the Core Plan. The analysis further assumes those per person costs increase 3% annually thereafter.

Scenario 3: Under Scenario 3, income-eligibility for BadgerCare Plus parents and caretakers would be reduced from 200% of the FPL to 133% of the FPL starting January 1, 2014. There would be no expansion of MA coverage to childless adults, and the Core Plan would be eliminated effective January 1, 2014.

According to DHS enrollment figures, there were approximately 38,200 parents and caretaker relatives with family incomes greater than 133% of the FPL enrolled in BadgerCare Plus as of December 2012, including approximately 6,400 parents/caretakers who receive coverage through TMA. The preliminary estimates for Scenario 3 assume TMA eligibility for these 6,400 adults is eliminated effective January 1, 2014. As noted, this assumption is made strictly for ease of presentation and does not reflect a determination by this office that the necessary federal approvals to eliminate TMA eligibility for these individuals will be obtained.

Scenarios 4A and 4B: Scenarios 4A and 4B assume that income-eligibility for BadgerCare Plus parents and caretaker relatives is reduced from 200% of the FPL to 133% of the FPL starting January 1, 2014, and that the Core Plan is eliminated effective that same date.

Scenarios 4A and 4B also include an expansion of MA coverage to non-pregnant, non-elderly childless adults with family incomes not greater than 133% of the FPL who are not

otherwise eligible for MA. DHS has indicated to this office its understanding that these childless adults (including those currently enrolled in the Core Plan) would qualify for the ACA's "newly eligible" FMAP. As noted, that enhanced FMAP is 100% in calendar years 2014, 2015, and 2016, and declines to 90% by calendar year 2020, where it is scheduled to remain thereafter. This assumption is incorporated in the cost projections for Scenarios 4A and 4B. Note, however, that CMS has not yet officially determined what FMAP would apply to an ACA-style MA expansion to 133% of the FPL in Wisconsin.

The Attachment shows preliminary cost estimates for two sets of enrollment projections under this scenario. The first (4A) assumes 125,000 childless adults would enroll in MA under an expansion to 133% of the FPL. The second (4B) assumes 175,000 childless adults would enroll under such an expansion. Both enrollment scenarios assume that 50% of those new enrollees would join the program on January 1, 2014, and that 100% of the new enrollees would be enrolled by January 1, 2015. Beginning January 1, 2015, both enrollment scenarios assume the number of childless adults in the program increases 1% per year. The projections assume that the total number of childless adults projected to enroll under the expansion would include approximately 16,700 current Core Plan enrollees with incomes less than 133% of the FPL.

The 125,000 and 175,000 enrollment scenarios for childless adults are based on this office's review of a number of sources, including the following: (a) U.S. Census Bureau Data as reflected in the 2011 American Community Survey and the 2011 Current Population Survey; (b) the DHS "Wisconsin Health Insurance Coverage" report for 2010; and (c) enrollment projections developed by the Urban Institute and the University of Minnesota's State Health Access Data Assistance Center. Given the uncertainties inherent in such estimates, other reasonable enrollment projections could be developed.

Scenarios 5A and 5B. Scenarios 5A and 5B would not change current income eligibility standards for parents and caretaker relatives in BadgerCare Plus, but would expand MA eligibility to non-pregnant, non-elderly childless adults with incomes not greater than 133% of the FPL who are not otherwise eligible for MA. The Core Plan would be eliminated effective January 1, 2014, as under the other scenarios. The Attachment shows preliminary estimates assuming 125,000 childless adults enroll under such an expansion (Scenario 5A) and preliminary estimates using an alternative enrollment assumption of 175,000 childless adults (Scenario 5B).

Under the ACA, certain individuals with incomes between 100% of the FPL and 400% of the FPL will be eligible for premium assistance tax credits and other cost-sharing reductions for health insurance coverage purchased through the health insurance exchange. The preliminary estimates shown in the Attachment do not estimate how many of the current BadgerCare Plus enrollees who would lose their MA coverage under various scenarios would obtain subsidized coverage through a health insurance exchange.

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Attachment

ATTACHMENT

**All figures represent estimated change in MA benefit
expenditures from current law baseline trends.
(\$ in Millions)**

**SCENARIO 1: REDUCE BC+ PARENTS/CARETAKERS FROM 200% TO 100% OF THE
FPL, NO EXPANSION FOR CHILDLESS ADULTS, ELIMINATE CORE PLAN**

	January- June '14	FY 15	FY 16	FY 17	FY 18	FY 19	FY 20	Total
<i>Reduce BC+ Parents from 200% to 100%</i>								
GPR	-\$46.2	-\$96.3	-\$100.3	-\$104.4	-\$108.7	-\$113.1	-\$117.8	-\$686.8
FED	-66.6	-138.6	-144.3	-150.2	-156.4	-162.8	-169.5	-988.3
<i>No Expansion for Childless Adults</i>								
GPR	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
FED	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<i>Eliminate Core Plan</i>								
GPR	-15.9	-27.8	-22.2	-18.0	-14.5	-11.7	-9.5	-119.6
FED	-22.9	-40.1	-32.0	-25.9	-20.9	-16.9	-13.7	-172.4
Total GPR Change	-62.1	-124.1	-122.5	-122.4	-123.2	-124.8	-127.3	-806.4
Total FED Change	<u>-89.5</u>	<u>-178.7</u>	<u>-176.3</u>	<u>-176.1</u>	<u>-177.3</u>	<u>-179.7</u>	<u>-183.2</u>	<u>-1,160.7</u>
Total Change	-\$151.6	-\$302.8	-\$298.7	-\$298.5	-\$300.5	-\$304.6	-\$310.5	-\$1,967.1

Projected Enrollment Changes*

Parents/Caretakers (including 21,500 adults in Transitional MA)	-89,000
Terminate Core Plan	<u>-20,000</u>
Projected Net Change in MA Enrollment	-109,000

*Projected enrollment declines reflect December 2012, DHS enrollment figures.

Projected enrollment changes do not reflect any additional enrollment that may occur through a "woodwork effect."

Notes:

Estimates reflect changes in benefit expenditures only. Other potential costs and savings are discussed in the memo.
Projected baseline costs for the Core Plan reflect estimates under current policy of capped and declining enrollment.

**SCENARIO 2: REDUCE BC+ PARENTS FROM 200% TO 100% OF THE FPL, EXPAND
CHILDLESS ADULTS TO 100% OF THE FPL, ELIMINATE CORE PLAN**

	January- June '14	FY 15	FY 16	FY 17	FY 18	FY 19	FY 20	Total
<i>Reduce BC+ Parents from 200% to 100%</i>								
GPR	-\$46.2	-\$96.3	-\$100.3	-\$104.4	-\$108.7	-\$113.1	-\$117.8	-\$686.8
FED	-66.6	-138.6	-144.3	-150.2	-156.4	-162.8	-169.5	-988.3
<i>Partial Expansion for Childless Adults to 100%</i>								
GPR	48.2	152.5	170.9	177.7	184.9	192.4	200.1	1,126.7
FED	69.3	219.4	245.9	255.8	266.1	276.8	288.0	1,621.3
<i>Eliminate Core Plan</i>								
GPR	-15.9	-27.8	-22.2	-18.0	-14.5	-11.7	-9.5	-119.6
FED	-22.9	-40.1	-32.0	-25.9	-20.9	-16.9	-13.7	-172.4
Total GPR Change	-14.0	28.4	48.4	55.4	61.7	67.5	72.8	320.3
Total FED Change	<u>-20.1</u>	<u>40.7</u>	<u>69.6</u>	<u>79.7</u>	<u>88.8</u>	<u>97.1</u>	<u>104.8</u>	<u>460.6</u>
Total Change	-\$34.1	\$69.1	\$118.0	\$135.0	\$150.5	\$164.6	\$177.6	\$780.9

Projected Enrollment Changes*

Parents/Caretakers (including 21,500 adults in Transitional MA)	-89,000
Terminate Core Plan	-20,000
Childless Adults enrolled in partial expansion to 100% of the FPL (including 14,000 current Core Plan enrollees up to 100% of the FPL)	<u>100,000</u>
Projected Net Change in MA Enrollment	-9,000

*Projected enrollment declines reflect December 2012, DHS enrollment figures.

Projected enrollment increases reflect projected new enrollees as of January 2015, and do not include any additional enrollment that may occur through a "woodwork effect."

Notes:

Estimates reflect changes in benefit expenditures only. Other potential costs and savings are discussed in the memo. Projected baseline costs for the Core Plan reflect estimates under current policy of capped and declining enrollment.

SCENARIO 3: REDUCE BC+ PARENTS/CARETAKERS FROM 200% TO 133% OF THE FPL, NO EXPANSION FOR CHILDLESS ADULTS, ELIMINATE CORE PLAN

	January- June '14	FY 15	FY 16	FY 17	FY 18	FY 19	FY 20	Total
<i>Reduce BC+ Parents from 200% to 133%</i>								
GPR	-\$15.5	-\$32.3	-\$33.6	-\$35.1	-\$36.6	-\$38.1	-\$39.8	-\$230.9
FED	-22.3	-46.4	-48.4	-50.5	-52.6	-54.9	-57.2	-332.2
<i>No Expansion for Childless Adults</i>								
GPR	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
FED	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<i>Eliminate Core Plan</i>								
GPR	-15.9	-27.8	-22.2	-18.0	-14.5	-11.7	-9.5	-119.6
FED	-22.9	-40.1	-32.0	-25.9	-20.9	-16.9	-13.7	-172.4
Total GPR Change	-31.4	-60.1	-55.8	-53.1	-51.1	-49.8	-49.3	-350.5
Total FED Change	<u>-45.2</u>	<u>-86.5</u>	<u>-80.4</u>	<u>-76.4</u>	<u>-73.5</u>	<u>-71.8</u>	<u>-70.9</u>	<u>-504.6</u>
Total Change	-\$76.5	-\$146.6	-\$136.2	-\$129.4	-\$124.6	-\$121.6	-\$120.2	-\$855.1

Projected Enrollment Change*

Parents/Caretakers (including 6,400 adults in Transitional MA)	-38,200
Terminate Core Plan	<u>-20,000</u>
Projected Net Change in MA Enrollment	-58,200

*Projected enrollment declines reflect December, 2012, DHS enrollment figures.

Projected enrollment changes do not reflect any additional enrollment that may occur through a "woodwork effect."

Notes:

Estimates reflect changes in benefit expenditures only. Other potential costs and savings are discussed in the memo.
Projected baseline costs for the Core Plan reflect estimates under current policy of capped and declining enrollment.

**SCENARIO 4A: REDUCE BC+ PARENTS FROM 200% TO 133% OF THE FPL, EXPAND
CHILDLESS ADULTS TO 133% OF THE FPL, ELIMINATE CORE PLAN
(125,000 Enrollment Scenario for Childless Adults)**

	<u>January- June '14</u>	<u>FY 15</u>	<u>FY 16</u>	<u>FY 17</u>	<u>FY 18</u>	<u>FY 19</u>	<u>FY 20</u>	<u>Total</u>
<i>Reduce BC+ Parents from 200% to 133%</i>								
GPR	-\$15.5	-\$32.3	-\$33.6	-\$35.1	-\$36.6	-\$38.1	-\$39.8	-\$230.9
FED	-22.3	-46.4	-48.4	-50.5	-52.6	-54.9	-57.2	-332.2
<i>Expand for Childless Adults to 133%</i>								
GPR	0.0	0.0	0.0	13.6	30.6	37.6	51.3	133.1
FED	146.9	458.5	513.3	520.4	525.0	540.4	550.0	3,254.5
<i>Eliminate Core Plan</i>								
GPR	-15.9	-27.8	-22.2	-18.0	-14.5	-11.7	-9.5	-119.6
FED	-22.9	-40.1	-32.0	-25.9	-20.9	-16.9	-13.7	-172.4
Total GPR Change	-31.4	-60.1	-55.8	-39.5	-20.5	-12.2	2.0	-217.4
Total FED Change	<u>101.7</u>	<u>372.0</u>	<u>432.9</u>	<u>444.0</u>	<u>451.5</u>	<u>468.6</u>	<u>479.1</u>	<u>2,749.9</u>
Total Change	\$70.4	\$311.9	\$377.1	\$404.6	\$431.0	\$456.4	\$481.1	\$2,532.5

Projected Enrollment Change*

Parents/Caretakers (including 6,400 adults in Transitional MA)	-38,200
Terminate Core Plan	-20,000
Childless Adults enrolled in expansion to 133% of the FPL (including 16,700 current Core Plan enrollees up to 133% of the FPL)	<u>125,000</u>
Projected Net Change in MA Enrollment	66,800

*Projected enrollment declines reflect December 2012, DHS enrollment figures.

Projected enrollment increases reflect projected new enrollees as of January 2015, and do not include any additional enrollment that may occur through a "woodwork effect."

Notes:

Estimates shown are for benefit expenditures only. Other potential costs and savings are discussed in the memo. Projected baseline costs for the Core Plan reflect estimates under current policy of capped and declining enrollment. Estimates assume that under an expansion to 133% of the FPL, all childless adults with income under 133% would qualify for the newly eligible FMAP that begins at 100% in 2014 and declines to 90% by 2020. CMS has not yet determined the FMAP that would apply to such an expansion in Wisconsin.

**SCENARIO 4B: REDUCE BC+ PARENTS FROM 200% TO 133% OF THE FPL, EXPAND
CHILDLESS ADULTS TO 133% OF THE FPL, ELIMINATE CORE PLAN
(175,000 Enrollment Scenario for Childless Adults)**

	January- June '14	FY 15	FY 16	FY 17	FY 18	FY 19	FY 20	Total
<i>Reduce BC+ Parents from 200% to 133%</i>								
GPR	-\$15.5	-\$32.3	-\$33.6	-\$35.1	-\$36.6	-\$38.1	-\$39.8	-\$230.9
FED	-22.3	-46.4	-48.4	-50.5	-52.6	-54.9	-57.2	-332.2
<i>Expand for Childless Adults to 133%</i>								
GPR	0.0	0.0	0.0	19.0	42.8	52.7	71.8	186.3
FED	205.7	642.3	718.6	728.6	735.0	756.5	770.1	4,556.8
<i>Eliminate Core Plan</i>								
GPR	-15.9	-27.8	-22.2	-18.0	-14.5	-11.7	-9.5	-119.6
FED	-22.9	-40.1	-32.0	-25.9	-20.9	-16.9	-13.7	-172.4
Total GPR Change	-31.4	-60.1	-55.8	-34.1	-8.3	2.9	22.5	-164.2
Total FED Change	<u>160.5</u>	<u>555.8</u>	<u>638.2</u>	<u>652.2</u>	<u>661.5</u>	<u>684.7</u>	<u>699.2</u>	<u>4,052.2</u>
Total Change	\$129.2	\$495.7	\$583.4	\$618.2	\$653.2	\$687.6	\$721.7	\$3,888.0

Projected Enrollment Change*

Parents/Caretakers (including 6,400 adults in Transitional MA)	-38,200
Terminate Core Plan	-20,000
Childless Adults enrolled in expansion to 133% of the FPL (including 16,700 current Core Plan enrollees up to 133% of the FPL)	<u>175,000</u>
Projected Net Change in MA Enrollment	116,800

*Projected enrollment declines reflect December, 2012, DHS enrollment figures.

Projected enrollment increases reflect projected new enrollees as of January 2015, and do not include any additional enrollment that may occur through a "woodwork effect."

Notes:

Estimates shown are for benefit expenditures only. Other potential costs and savings are discussed in the memo. Projected baseline costs for the Core Plan reflect estimates under current policy of capped and declining enrollment. Estimates assume that under an expansion to 133% of the FPL, all childless adults with income under 133% would qualify for the newly eligible FMAP that begins at 100% in 2014 and declines to 90% by 2020. CMS has not yet determined the FMAP that would apply to such an expansion in Wisconsin.

**SCENARIO 5A: NO CHANGE TO BC+ PARENTS/CARETAKERS, EXPAND CHILDLESS
ADULTS TO 133% OF THE FPL, ELIMINATE CORE PLAN
(125,000 Enrollment Scenario for Childless Adults)**

	January- June '14	FY 15	FY 16	FY 17	FY 18	FY 19	FY 20	Total
<i>No Change to BC+ Parents/Caretakers</i>								
GPR	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
FED	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<i>Expand for Childless Adults to 133%</i>								
GPR	0.0	0.0	0.0	13.6	30.6	37.6	51.3	133.1
FED	146.9	458.5	513.3	520.4	525.0	540.4	550.0	3,254.5
<i>Eliminate Core Plan</i>								
GPR	-15.9	-27.8	-22.2	-18.0	-14.5	-11.7	-9.5	-119.6
FED	-22.9	-40.1	-32.0	-25.9	-20.9	-16.9	-13.7	-172.4
Total GPR Change	-15.9	-27.8	-22.2	-4.4	16.1	25.9	41.8	13.5
Total FED Change	<u>124.0</u>	<u>418.4</u>	<u>481.3</u>	<u>494.5</u>	<u>504.1</u>	<u>523.5</u>	<u>536.3</u>	<u>3,082.1</u>
Total Change	\$108.1	\$390.6	\$459.1	\$490.1	\$520.2	\$549.4	\$578.1	\$3,095.6

Projected Enrollment Change*

Parents/Caretakers	No Change
Terminate Core Plan	-20,000
Childless Adults enrolled in expansion to 133% of the FPL (including 16,700 current Core Plan enrollees to 133% of the FPL)	<u>125,000</u>
Projected Net Change in MA Enrollment	115,000

*Projected enrollment declines reflect December 2012, DHS enrollment figures.

Projected enrollment increases reflect projected new enrollees as of January 2015, and do not include any additional enrollment that may occur through a "woodwork effect."

Notes:

Estimates shown are for benefit expenditures only. Other potential costs and savings are discussed in the memo. Projected baseline costs for the Core Plan reflect estimates under current policy of capped and declining enrollment. Estimates assume that under an expansion to 133% of the FPL, all childless adults with income under 133% would qualify for the newly eligible FMAP that begins at 100% in 2014 and declines to 90% by 2020. CMS has not yet determined the FMAP that would apply to such an expansion in Wisconsin.

**SCENARIO 5B: NO CHANGE TO BC+ PARENTS/CARETAKERS, EXPAND CHILDLESS
ADULTS TO 133% OF THE FPL, ELIMINATE CORE PLAN
(175,000 Enrollment Scenario for Childless Adults)**

	January- June '14	FY 15	FY 16	FY 17	FY 18	FY 19	FY 20	Total
<i>No Change to BC+ Parents/Caretakers</i>								
GPR	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
FED	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<i>Expand for Childless Adults to 133%</i>								
GPR	0.0	0.0	0.0	19.0	42.8	52.7	71.8	186.3
FED	205.7	642.3	718.6	728.6	735.0	756.5	770.1	4,556.8
<i>Eliminate Core Plan</i>								
GPR	-15.9	-27.8	-22.2	-18.0	-14.5	-11.7	-9.5	-119.6
FED	-22.9	-40.1	-32.0	-25.9	-20.9	-16.9	-13.7	-172.4
Total GPR Change	-15.9	-27.8	-22.2	1.0	28.3	41.0	52.7	66.7
Total FED Change	<u>182.8</u>	<u>602.2</u>	<u>686.6</u>	<u>702.7</u>	<u>714.1</u>	<u>739.6</u>	<u>756.4</u>	<u>4,384.4</u>
Total Change	\$166.9	\$574.7	\$664.4	\$703.7	\$742.4	\$780.6	\$818.6	\$4,451.1

Projected Enrollment Change*

Parents/Caretakers	No Change
Terminate Core Plan	-20,000
Childless Adults enrolled in expansion to 133% of the FPL (including 16,700 current Core Plan enrollees up to 133% of the FPL)	<u>175,000</u>
Projected Net Change in MA Enrollment	155,000

*Projected enrollment declines reflect December, 2012, DHS enrollment figures.

Projected enrollment increases reflect projected new enrollees as of January 2015, and do not include any additional enrollment that may occur through a "woodwork effect."

Notes:

Estimates shown are for benefit expenditures only. Other potential costs and savings are discussed in the memo. Projected baseline costs for the Core Plan reflect estimates under current policy of capped and declining enrollment. Estimates assume that under an expansion to 133% of the FPL, all childless adults with income under 133% would qualify for the newly eligible FMAP that begins at 100% in 2014 and declines to 90% by 2020. CMS has not yet determined the FMAP that would apply to such an expansion in Wisconsin.